

Regulation to Safeguard the Secrecy of Information in the Securities Sector

No. (18) 2009

Council of Ministers

Pursuant to the Amended Basic Law of 2003, and in specific Article (70),
Having reviewed the Capital Market Authority Law No. (13) of 2004, and in specific Article (10), and the Securities Law No. (12) of 2004,
Upon the recommendation of Palestinian Capital Market Authority,
Upon the recommendation to the National Legislative Group,
Subject to the approval of the Council of Ministers in its weekly session no. (28) held on: 14/12/ 2009,
In the national public interest,
Subject to the powers vested with us,
These Regulations have been issued

Article (1)

Definitions

The words and expressions used in this regulation shall have the following meaning, unless the context otherwise indicates:

Law:	The Securities Exchange Law No. (12) of 2004.
The Authority Law:	Capital Market Authority.
Employee:	Every natural person appointed pursuant to decision issued by the responsible authority either as a civil servant or on contractual basis.
Settlement Bank:	The authorized bank by the securities exchange to conclude the trading contract and transfer of securities ownership from the seller to the buyer and to settle the prices conclusively and unconditionally.
Accredited Broker:	the employee of the member company who is authorized by the PSE to trade in securities for the account of the member company and to enter the sell and purchase orders through the electronic trading system.

Article (2)

Scope of the Law

The provisions of these Regulations apply to each of the following:

1. The CMA and it includes:
 - a. Chairman and members of the Board.
 - b. Staff of the CMA.
 - c. Auditors and external advisors.
2. The Securities Exchange and it includes:
 - a. Chairman and members of the Board.

- b. Staff of the securities exchange.
 - c. Auditors and external advisors.
3. The Center and it includes all the staff and auditors and external advisors.
4. Securities companies and they includes:
 - a. Chairman and members of the Board.
 - b. Staff of the company.
 - c. Auditors and external advisors.
5. Investment Funds and their staff which include:
 - a. Fund manager and staff.
 - b. Fund custodian and staff.
 - c. Investment manager and staff.
 - d. Auditors and external advisors.
6. Financial sector professionals.
7. Custodian and staff.

Article (3)

Safeguarding Secrecy by the CMA

It shall be prohibited for the Chairman of the Board of Directors and all the staff of the CMA and its external auditors and contractors to exploit or divulge any insider information made available to them through their posts or work or in relation to the CMA to achieve financial or other gains for their benefit or for the benefit of others either directly or indirectly.

Article (4)

Insider Information to the CMA

It shall be deemed insider information to the CMA if any information, data, records or documents are accessed by the specialized staff of the CMA and when they enter the trading system or for the purpose of monitoring, supervision, investigation and inspection of parties subject to the CMA's supervision. No person shall be allowed to view the information unless a specialized person and within the limits of work requirements.

Article (5)

Safeguarding Secrecy by the Staff of the CMA

1. The staff of the CMA who are responsible to inspect securities companies and the securities exchange must safeguard the secrecy of all information, data, documents, and papers viewed by them while performing their duties.
2. The staff of the CMA named in paragraph (1) above will be responsible directly for any leakage of information obtained during inspection operations, and the CMA may take the necessary action it deems appropriate against them in accordance with the Law, Regulations and Instruction.

Article (6)

Events Revealing Insider Information

If the staff of CMA viewed insider information or data or documents or papers concerning companies or the securities exchange or the center or the financial sector professionals, they must maintain the secrecy of such information and shall not reveal it unless required by Law.

Article (7)

Publication and Exchange of Information

Notwithstanding the provisions of Articles (4-6) of these Regulations, the CMA, and for the purpose of safeguarding public interest, may carry out the following:

1. Publish any insider information if it ascertains that the publication of such information is necessary for the protection of the investing public and to achieve transparency and safety in dealing in securities.
2. Share with authorities or parties that exercise regulatory and supervisory powers over financial institutions and their operations in Palestine, information or data that the CMA obtained while in the exercise of its duties, and to the extent that sharing such information facilitates these other authorities work after undertaking to safeguard the secrecy of information and to use it exclusively for the designated purpose.
3. Exchange of information with authorities that supervise securities outside Palestine to the extent that it deems sharing the information serves public interest and protects the investing public and safeguards the integrity of dealings in financial markets, provided that such exchange is made on reciprocal basis and made pursuant to memoranda of understanding or bilateral or multilateral agreement that safeguard the secrecy of information and limit its use for the designated purpose.
4. Publish the sanctions and penalties associated with infringements of the Law, Regulations or Instructions that are in force as it deems appropriate, and it may make public any procedures taken against violators.

Article (8)

Secrecy of Information at the Securities Exchange

1. The information, data, and records are deemed insider to the securities exchange and may not be viewed except by the specialized staff of the securities exchange:
 - a. Information and data viewed by the staff of the securities exchange while using the trading system.
 - b. Information and data related to the names of those dealing in securities and the size of their dealings and the owners and value of ownership that the securities exchange have viewed by using the center, and the information and data contained in the transfer records that are excepted from trading.
 - b. The information related to the financial position of the member companies at the securities exchange, other than the information that must be disclosed in accordance with the Law, Regulations and Instructions in force.
 - d. The Information obtained by the securities exchange through investigation and inspection.
 - e. The information requested by government authorities and which is deemed insider information by nature.

- f. The deliberations of the board of directors about the distribution of dividends or increase the capital without derogating from the prevailing disclosure rules.
 - g. Information that affect or may affect the price of the security directly or indirectly.
 - h. Information or deliberations of the board of directors related to preparing for the general assembly or extraordinary general assembly or related to the organizational structure of the company or the strategies of the company or its future projects or internal investigations or change that affect or may affect the price of the securities of the company.
 - i. Insider information of the company that have not been disclosed that affect or may affect the price of the security.
2. The board of directors of the securities exchange may view any information necessary to perform its functions that are enumerated in paragraph (1) of this Article.
 3. The board of directors of the securities exchange, according to the Law, may disclose any insider information or financial statements or records referenced in paragraph 91) of this Article after coordination with the CMA.

Article (9)

Safeguarding Secrecy the Securities Exchange

1. It shall be prohibited by the Chairman and members of the board of directors of the securities exchange and the chief executive officer and the staff and the advisors and the auditors and the contractors to reveal insider information or data or the financial statements related to the securities exchange or any other insider data.
2. A member of the board of directors of the securities exchange may not transmit any insider information to the company that such a member represents on the board of the exchange or to any other party and such an act shall give rise to legal liability as stipulated in prevailing laws, regulations and instructions.

Article (10)

Safeguarding the Secrecy of Member Companies Information

The securities exchange and its chief executive officer and its staff and those in charge and its auditors and contractors shall be prohibited from divulging or leaking information related to the transactions of the member securities companies and their assets or the transactions of listed companies and their assets or the transaction of investors and their assets to any person unless authorized by laws, or if such information were in the public domain or was previously published.

Article (11)

Secret Information to the Center

1. The center shall safeguard the secrecy of all information related to the records or the securities issuers and maintains the central depository for their securities and provide the settlement and clearance services and transfer of ownership of securities and shall conduct the pledge operation and shall open customer accounts.
2. The center may exchange the information referred to in paragraph (1) above with the CMA, the securities exchange, the issuer, the member securities company, the custodian, the settlement bank and within the limits allowed by the Law, Regulations and Instructions.

Article (12)

Safeguarding Secrecy by the Center

The center or any of its employees shall not reveal or leak any information related to the financial transactions of securities companies or the ownership of security except as otherwise authorized by laws, unless such information were in the public domain or was previously published.

Article (13)

Safeguarding Secrecy by Securities Companies and Custodians

1. Securities companies and custodians and the members of their boards and the directors and staff and contractors are prohibited from divulging or leaking to any person information related to the transactions of customers or sale or buy orders or securities deposits without a written authorization from the customer each time a request for insider information is requested.
2. The prohibition referred to in the previous paragraph (1) of this Article shall not apply to information required to be supplied to the CMA or the securities exchange in accordance with the laws, regulations and instruction in force.

Article (14)

Procedures for Safeguarding the Secrecy at the Securities Companies and Custodians

The securities companies and custodians shall take all necessary procedures to safeguard against the release of customer information or their accounts provided they inform the CMA of the of such procedures.

Article (15)

Exploiting the Information by the Securities Companies or Custodians

1. The Chairman and members of the board of directors of a securities company and the custodians and directors and staff and contractors shall be precluded from:
 - a. Dealing in securities at the securities exchange on the basis of insider information obtained through their position.
 - b. Spread rumors regarding the sale or purchase of securities.
2. It shall be deemed invalid any transactions executed within the scope of actions described in paragraph (1) of this Article.

Article (16)

Investment Funds

1. An investment fund and its manager and investment manager and custodians and all staff and employees are precluded from doing the following:
 - a. Divulge or leak any information related to the investor's transactions in investment units without a written authorization from the investor.
 - b. Divulge or leak any information related to the number of investment units or their dividends or profits due to the bearer.

2. The prohibitions of paragraph (1) of this Article shall not apply to information that must be provided to the CMA or the securities exchange or the center pursuant to the prevailing Law, Regulations and Instruction.

Article (17)
Financial Sector Professional

1. The financial advisor shall be prohibited from divulging or leaking any information or insider matters related to the issuer or its financial position prior to preparing its professional opinion and publishing it.
2. The financial advisor shall be prohibited from divulging or leaking any information or insider matters related to trading and investment in securities prior to preparing its professional opinion and publishing it.
3. Accredited dealers who work for securities companies shall be prohibited from divulging or leaking any information known to them by through their position, even after they end their employment with the company.

Article (18)
Exploiting Information by Non-Insiders

Any non-insider who became aware of insider information and whose source was an insider shall be prohibited from exploiting the information to make financial or other gains either for itself or to divulge this information to a third party.

Article (19)
Penalties and Fines

The CMA, if this Regulation is violated, may take any appropriate measure to penalize or fine or impose sanctions against violators in accordance with the prevailing Penalties and Fines Regulations.

Article (20)
Repeals

Any provisions that contravene this Regulation shall be deemed repealed

Article (21)
Going into Force

All concerned shall, to the extent it applies to them, implement this Regulations which shall go into force when published in the Official Gazette.

Issued in the City of Ramallah on 14/12/2009
27 Thiel Hijeh fo the year 1430 Hijsri

Salam Fayyad
Prime Minister